IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

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I.T.A. No.262 of 2005
Date of Decision:7.11.2006

The Commissioner of Income Tax-I, Chandigarh

.....Appellant

Vs.

M/s Regional Computer Centre, Chandigarh

.....Respondent

CORAM:- HON'BLE MR. JUSTICE ADARSH KUMAR GOEL
HON'BLE MR. JUSTICE RAJESH BINDAL

Present:- Shri S.K.Garg Narwana, Advocate for the appellant.

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ADARSH KUMAR GOEL, J.

The revenue has approached this Court by filing the present appeal raising the following substantial question of law arising out of order passed by the Income Tax Appellate Tribunal, Chandigarh Bench `A' (for short, `the Tribunal') in ITA No.615/Chandi/2000 dated 27.10.2004 in respect of assessment year 1997-98:-

> "Whether on facts and in the circumstances of the case, the Hon'ble ITAT was right in law in confirming the order of the CIT(A) deleting the disallowance of the claim of depreciation to the extent of Rs.36,45,040/- on the asset which was purchased by the assessee out of grant-in-aid received from various organizations/government?"

The assessee received grant-in-aid from various organisations of government and purchased machinery and the Assessing Officer held that the assessee was not entitled to depreciation on the cost of machinery as it had received grant-in-aid.

The claim of the assessee was upheld by the Tribunal following the judgment of Hon'ble the Supreme Court in **CIT Vs. P.J.Chemicals Ltd., (1994) 210 ITR 830** for the assessment year 1984-85 as well as for

other assessment years. Following the same, the Tribunal upheld the claim for depreciation for the assessment year in question.

Since the Tribunal has followed the judgment of Hon'ble the Supreme Court and learned counsel for the revenue had not been able to show as to how the judgment of Hon'ble the Supreme Court in **P.J. Chemicals Ltd. (supra)** is not applicable to the present case, we are of the view that no substantial question of law arises.

Accordingly, the appeal is dismissed.

(ADARSH KUMAR GOEL)
JUDGE

November 7, 2006 **(RAJESH BINDAL)**
renu **JUDGE**